

Notes for a speech by
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Minister of Agriculture, Fisheries
and Aquaculture

Second Reading
Seafood Processing Act

Legislative Assembly
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Mr. Speaker, I rise to support the second reading of the bill entitled the *Seafood Processing Act*, which will enable the Department of Agriculture, Fisheries and Aquaculture to create a more modern environment for the New Brunswick seafood processing sector for it to continue to be competitive and a leader in Canada.

The New Brunswick seafood processing industry has been and continues to be a leader and innovator in Atlantic Canada. New Brunswick's seafood exports continue to grow, currently in excess of \$830 million, with relatively stable landings of \$185 million and aquaculture production of \$200 million.

Currently 137 primary processing facilities are licensed under the *Fish Processing Act*. The growth of the industry has come through innovation, high quality, processing expertise, and its ability to source raw materials regionally, nationally and internationally.

Traditionally, Mr. Speaker, we supplied commodities to the New England and Caribbean markets, and our products were interchangeable with any number of other producing regions.

Today, more and more of our products are prepared to the specifications of end users. We are known for our high quality and innovation in creating products for the final customer.

The primary products produced in New Brunswick have shifted from high-volume ground fish to high-value lobster, snow crab, shrimp, salmon, rock crab, marinated herring and specialty roes.

Even with these increases in value, there are still sectors where there is too much plant capacity. At the same time, there are new enterprises seeking out market niches for value-added product, and we have to balance the opportunities for new ventures against the existing over-capacity.

The existing *Fish Processing Act* provides a structure for the licensing of fish processing plants, defines powers and duties of inspectors, provides for appeals of decisions of the Registrar, identifies offences and penalties and provides regulation-making authority. It is the only legislative and regulator tool we have to help foster a strong and vibrant seafood processing industry.

The new *Seafood Processing Act* replaces the existing *Fish Processing Act*, which is being repealed.

The Department of Agriculture, Fisheries and Aquaculture (DAFA) strives to create a climate of confidence in the seafood processing sector and to encourage growth, adoption of new technologies, diversification in markets and product lines, and fair competition in access to the resource.

Mr. Speaker, one of the key objectives of the new Act is to allow more flexibility for the industry to do value-added processing through the reduction in red tape, supporting the diversification of processing in the province, leading to the creation of additional export revenues and more fisheries-related jobs.

Changes to the legislation are also being made to level the playing field and encourage fair trade for fish.

Conservation of the resource is vital to the success of the processing sector and the coastal communities that depend on it.

Although the direct conservation mandate rests with other departments, the regulation of the purchase and sale of fish and fish products is a responsibility of the Department of Agriculture, Fisheries and Aquaculture.

A more structured and transparent framework for the trade of fish, as proposed in this legislation, will support and preserve long-term stability and jobs in the industry, while providing better information on what the volume of fish being caught and transported is, both within and outside the province. This will allow our Department to ensure the fisheries are being managed with conservation and long-term economic viability in mind.

The legislative and regulatory framework we are proposing is aimed at ensuring that the trade of fish, at the wharf level, is open and transparent, and that those people purchasing fish on the wharf are effectively tied into the legitimate market for fish. This is to ensure that all fish caught and landed is reported.

Those people purchasing fish from harvesters will be required to have a fish purchaser license and may designate individuals to operate as their agents. The fish purchaser licenses will be issued to primary processing plant licensees and live lobster holding facility licensees. Anyone from outside New Brunswick

may apply for a fish purchaser license, provided they are directly affiliated with a fish processing enterprise.

Mr. Speaker, we have also been concerned by the fact that New Brunswick companies do not have as open an access to raw material in other provinces as other provinces' companies have to our fish.

The proposed legislation provides a framework to ensure a level playing field between New Brunswick processing companies and processing companies in other provinces. We are confident these rules will provide an opportunity to further increase the open markets which are so important to our processors.

Our main objective here is protecting the future of our industry, and we will do everything we can to ensure that reliable and accurate information is being used in the decision-making process.

The new legislation is intended to provide for a more structured management of the fisheries industry, and overall reduction in red tape will remove unnecessary barriers to growth and economic activity.

Mr. Speaker, the need to have an open and transparent trade in fish and seafood also involves the live lobster trade. We already have an important live lobster trade providing high-quality and top-value product to the white-table cloth markets around the world.

To ensure the best possible value from this resource, entrepreneurs in New Brunswick have developed some of the largest live-lobster holding facilities in the world. These facilities ensure lobster is provided to the market in the best possible conditions and during those times when the market can pay the highest price to New Brunswickers. These facilities provide an important addition to the value of the fishery in the province.

Much like processors, the legitimate live lobster holding facility operators must often compete for fish with less than reputable operators, with little or no investment in the facilities or markets needed to contribute to the value of the fishery.

The proposed legislation provides for the licensing of the live lobster holding facilities. As well, provisions for fish purchaser licenses for live lobster similar to those being put in place for primary fish and seafood processing will be introduced.

Mr. Speaker, current legislation makes it difficult for processors to pursue market opportunities as they arise. We have been focused on primary processing and the overcapacity that exists in that sector, sometimes at the expense of the secondary processing that markets are demanding.

This legislation proposes to address secondary processing as a distinct sector and to provide a much more open approach to registration. As part of the proposed legislation, secondary processors will require only a registration rather than a license to process fish that has already undergone primary processing.

This recognizes that there are many entrepreneurs in our province who are prepared to engage in the production of market-ready, high-value food products from our fish and seafood resources, but don't want to engage in the demanding business of sourcing product directly from fishermen.

For example, Ocean Pier Inc. of Scoudouc has developed a strong market presence in the retail markets with high-end shrimp, snow crab and scallop products for major Canadian and U.S. retailers. All product is sourced from primary processors around the globe. Without the amendments to the legislation, this firm would have to obtain snow crab and shrimp processing licenses at a cost of \$1,500. There would also be reticence to issue a licence with these species as we already have a surplus of primary capacity.

As well, *Pêcheries G.E.M. Ltée* of Saint-Simon, has developed a product line of secondary products that would require a snow crab license. Current over-capacity in that sector would make it difficult to issue a primary license; the secondary processing registration would allow them to obtain product from primary processors and manufacture the new value-added product.

In both cases, the processors have been successful in identifying markets, developing new niche markets and high-value products that are popular with clients, and contribute to the prosperity of the New Brunswick processing sector, while not putting additional pressure on the availability of the resource, without disrupting employment in other sectors and without increasing the unused primary processing capacity already in place.

Mr. Speaker, the new legislation provides for the termination of a license when the plant has been inactive for 36 months. In arriving at this proposal, we had to balance the need for stable licensing to protect the investments in processing facilities against the need to ensure non-active licenses were not blocking other interests from undertaking new processing activities.

Through non-renewal of licenses after 36 months of inactivity, industry will have greater stability to undertake new ventures, without the concern that inactive plants may at any moment re-enter the market.

We will however maintain the current practice of providing flexibility for processors to not necessarily process all species that are listed on their license. Markets are evolving and more plants will have to benefit from the economic

potential of processing a greater variety of species over a longer processing season. The Registrar will, therefore, consider these cases on an individual basis.

The arbitrary cancellation of a specific species on a licence because the licensee has not processed that particular species, could either prematurely force the licensee into those species or possibly limit the flexibility licensees need to decide on the most sustainable activities within their plants.

Mr. Speaker, current legislation provides for licensing decisions to be made on the basis of raw material availability, the presence of unused processing capacity and the employment levels in the sector.

The proposed *Seafood Processing Act* will add the economic viability for the proponent and for the sector as a new licensing criterion. This new condition will allow for the licensing of additional processing enterprises where the new criterion identifies an economic benefit for the province.

Mr. Speaker, we strongly believe that the government's role is to establish a positive business climate and regulatory framework for private entrepreneurs to operate successful businesses. It is not for government to manage the private business enterprises that make up the province's seafood industry.

In order to ensure a fair, open and transparent licensing process, the legislation debated today will create a Licensing Appeal Board to hear appeals of licensing decisions made by the Registrar.

This arms-length Board will ensure decisions are based on an objective review of the issues at hand. This Appeal Board will also remove the Minister from having to make decisions on the private interests of the appellants.

Mr. Speaker, New Brunswick processors have a long tradition of providing high-quality and safe fish and seafood products to the world. The international markets recognize New Brunswick as one of the best places in the world to obtain their products.

Canada as a whole, through the recognition of the high standards required by the Canadian Food Inspection Agency, has a reputation for providing top-notch food quality and safety.

To capitalize on this reputation, the legislation requires that all new licensees be registered with CFIA. However, realizing there are a small number of existing licensees that provide their products to the New Brunswick market only, we will grandfather existing license holders, pending their movement to national food-safety standards.

Not only does this provision allow us to ensure national standards and a high food-safety reputation for all New Brunswick products, but it also ensures that competitors for a limited supply of raw material will all be required to meet the same food safety and quality requirements.

Mr. Speaker, the proposed legislation provides for the modernization of authority for inspectors. It ensures that, in those rare cases where compliance is not possible through cooperative means, the appropriate information can be obtained to have the courts make the necessary determination.

In line with modernization of the inspection tool box, the new legislation provides for penalties for offenses that provide for real deterrence.

In an industry where one truckload of finished product can be worth up to half a million dollars, current penalties can be seen by some as minimal costs of carrying on illegal business activities. The new penalties are aimed at ensuring all licensees maintain the ethical standards that are upheld by the vast majority of processors.

As well, Mr. Speaker, our processing sector requires a sustainable fisheries resource. Licensees who violate fisheries management or conservation rules put in place for the protection of the entire industry undermine the sustainability of the fishery, the seafood industry and the coastal communities that depend on the resource.

Maybe more than any other sector, the seafood industry requires a healthy environment. The oceans and coastal environments are among the most vulnerable to harmful human activity.

Violations of environmental regulations can have negative impacts on the industry and our communities as drastic as not protecting the fisheries resource itself. The new legislation will therefore provide an opportunity to impose penalties on perpetrators of other related Acts and regulations, both federal and provincial, whose actions are deemed to have had an impact on the fish processing industry.

As with all other business activities, Mr. Speaker, the success of the seafood processing industry rests, to a large extent, on the skills and quality of the workers in the processing plants.

Violations of the employment or safety standards within the workplace are direct attacks on one of the most important resources assuring the success of processing in the province.

The proposed legislation recognizes the importance of conservation, environmental protection and work condition standards. This legislation will

allow the suspension, non-renewal or revocation of licenses when licensees are convicted of violations of legislation in these other sectors.

Mr. Speaker, the proposed *Seafood Processing Act* is a modern and progressive document that has been developed through a formal consultation process with representatives of the processing, commercial fisheries and aquaculture sectors.

The intent of this new legislation is to provide an open, transparent and fair framework for the fish and seafood industry to continue to play a central role in the economy of this province, and I urge all members to support it.

Thank you, Mr. Speaker.